

BEFORE THE TENNESSEE REGULATORY AUTHORITY

NASHVILLE, TENNESSEE

May 11, 1999

IN RE:

**APPLICATION OF TENNESSEE PHONE SERVICE)
FOR APPROVAL TO TRANSFER AUTHORITY TO)
TENNESSEE PHONE SERVICE, INC.)**

**DOCKET NO
98-00875**

ORDER APPROVING TRANSFER OF AUTHORITY

This matter came before the Tennessee Regulatory Authority ("Authority") on the Application of Tennessee Phone Service ("TPS") that seeks authority to transfer TPS' Certificate of Public Convenience and Necessity ("CCN") to Tennessee Phone Service, Inc. ("TPSI") pursuant to Tenn. Code Ann. § 65-4-113. The Directors of the Authority considered this matter at a regularly scheduled Authority Conference held on February 2, 1999.

From the Application and the record existing in this matter, the Authority has determined the following:

1. TPS is a sole proprietorship owned by Michael Sullivan and exists under the laws of the State of Tennessee. On May 7, 1997, the Authority granted TPS authority to provide resold intrastate interexchange telecommunications services in Tennessee in Docket No. 96-01618. TPS is not authorized to provide service in any other state.

2. TPSI is a privately held corporation duly organized and existing under the laws of the State of Tennessee and is headquartered at 4918 Charlotte Avenue, Nashville, Tennessee 37209. TPSI was created on July 31, 1998, for the sole purpose of assuming the business of TPS. TPSI does not currently conduct business within the State of Tennessee, or any other state.

3. The Application states that TPSI intends to offer only the services presently offered by TPS, using the same facilities and arrangements as TPS. The Application also states that the approval of this transfer will not prejudice any of TPS' existing customers.

I. CRITERIA FOR APPROVING TRANSFER

A transfer of authority to provide utility services cannot occur until the regulated public utility first obtains approval of such transfer by the Authority. The Directors of the Authority must approve the transfer pursuant to the requirements set forth under Tenn. Code Ann. § 65-4-113. This Section, in pertinent part, provides for the following:

(a) **No public utility, as defined in § 65-4-101, shall transfer all or any part of its authority to provide utility services, derived from its certificate of public convenience and necessity issued by the authority, to any individual, partnership, corporation or other entity without first obtaining the approval of the authority.**

(b) Upon petition for approval of the transfer of authority to provide utility services, the authority shall take into consideration all relevant factors, including, but not limited to, the suitability, the financial responsibility, and capability of the proposed transferee to perform efficiently the utility services to be transferred and the benefit to the consuming public to be gained from the transfer. The authority shall approve the transfer after consideration of all relevant factors and upon finding that such transfer furthers the public interest.

(c) **Following approval of the transfer pursuant to this section, the transferee shall be granted full authority to provide the transferred services subject to the continuing regulation of the authority. The transferor shall no longer have any authority to provide the transferred**

services, but shall retain authority to provide other services, if any are retained, which were not included in such transfer. (Emphasis supplied).

II. FINDINGS OF FACT AND CONCLUSIONS OF LAW

After consideration of the entire record in this matter, including the Application, the Directors find and conclude as follows:


1. That the Authority has jurisdiction over the subject matter of said Application pursuant to Tenn. Code Ann. § 65-4-113;
2. That the transfer will be accomplished by an internal restructuring of TPS which will permit TPSI to provide resold intrastate interexchange telecommunications services;
3. That TPSI will rely upon the same personnel and resources for technical, managerial and financial ability as relied on by TPS to provide the transferred services;
4. That since TPSI has access to the above-mentioned resources, TPSI has the requisite resources to provide the services that had been provided by TPS; and
5. That based upon the foregoing, the transfer of TPS' CCN to TPSI is compatible with the public interest.

IT IS THEREFORE ORDERED THAT:

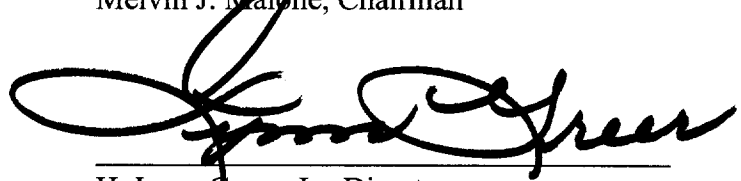
1. The Application requesting the transfer of the Certificate of Public Convenience and Necessity of Tennessee Phone Service to Tennessee Phone Service, Inc. is approved.
2. Tennessee Phone Service, Inc. is authorized to provide resold intrastate interexchange telecommunications services in Tennessee.

3. Tennessee Phone Service is no longer permitted to provide resold intrastate interexchange telecommunications services in Tennessee.

4. Any party aggrieved by the Authority's decision in this matter may file a Petition for Reconsideration with the Authority within ten (10) days from and after the date of this Order.



Melvin J. Malone, Chairman

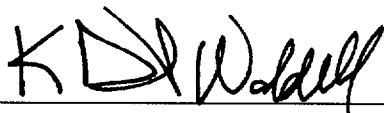


H. Lynn Greer, Jr., Director



Sara Kyle, Director

ATTEST:



K. David Waddell, Executive Secretary